

Bill No. SB 1040

Barcode 044230

585-1849B-06

Proposed Committee Substitute by the Committee on Governmental Oversight and Productivity

1                               A bill to be entitled

2               An act relating to retirement; amending s.

3               121.71, F.S.; revising the payroll contribution

4               rates for the membership classes of the Florida

5               Retirement System for the state fiscal years

6               effective July 1, 2006, and July 1, 2007;

7               providing a declaration of important state

8               interest; providing an effective date.

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10 Be It Enacted by the Legislature of the State of Florida:

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12               Section 1. Section 121.71, Florida Statutes, is

13 amended to read:

14               121.71 Uniform rates; process; calculations; levy.--

15               (1) In conducting the system actuarial study required

16 under s. 121.031, the actuary shall follow all requirements

17 specified thereunder to determine, by Florida Retirement

18 System employee membership class, the dollar contribution

19 amounts necessary for the forthcoming fiscal year for the

20 defined benefit program. In addition, the actuary shall

21 determine, by Florida Retirement System membership class,

22 based on an estimate for the forthcoming fiscal year of the

23 gross compensation of employees participating in the optional

24 retirement program, the dollar contribution amounts necessary

25 to make the allocations required under ss. 121.72 and 121.73.

26 For each employee membership class and subclass, the actuarial

27 study shall establish a uniform rate necessary to fund the

28 benefit obligations under both Florida Retirement System

29 retirement plans, by dividing the sum of total dollars

30 required by the estimated gross compensation of members in

31 both plans.

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(2) Based on the uniform rates set forth in subsection (3), employers shall make monthly contributions to the Division of Retirement, which shall initially deposit the funds into the Florida Retirement System Contributions Clearing Trust Fund. A change in a contribution rate is effective the first day of the month for which a full month's employer contribution may be made on or after the beginning date of the change.

(3) Required employer retirement contribution rates for each membership class and subclass of the Florida Retirement System for both retirement plans are as follows:

	Percentage of Gross Compensation, Effective		Percentage of Gross Compensation, Effective	
Membership Class	July 1, <u>2006</u>	<del>2005</del>	July 1, <u>2007</u>	<del>2006</del>
Regular Class	<u>8.69%</u>	<del>6.67%</del>	<u>9.55%</u>	<del>9.53%</del>
Special Risk Class	<u>19.76%</u>	<del>17.37%</del>	<u>21.96%</u>	<del>21.91%</del>
Special Risk Administrative				
Support Class	<u>11.39%</u>	<del>8.76%</del>	<u>12.65%</u>	<del>12.39%</del>
Elected Officers' Class -				
Legislators, Governor,				
Lt. Governor,				
Cabinet Officers,				
State Attorneys,				
Public Defenders	<u>13.32%</u>	<del>11.33%</del>	<u>14.80%</u>	<del>14.86%</del>
Elected Officers' Class -				
Justices, Judges	<u>18.40%</u>	<del>17.49%</del>	<u>20.44%</u>	<del>20.43%</del>
Elected Officers' Class -				
County Elected Officers	<u>15.37%</u>	<del>14.07%</del>	<u>17.08%</u>	<del>17.00%</del>

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1	Senior Management Class	<u>11.96%</u>	<del>9.29%</del>	<u>13.29%</u>	<del>13.27%</del>
2	DROP	<u>9.80%</u>	<del>8.22%</del>	<u>10.89%</u>	<del>11.74%</del>

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4           (4) The state actuary shall recognize and use an  
5 appropriate level of available excess assets of the Florida  
6 Retirement System Trust Fund to offset the difference between  
7 the normal costs of the Florida Retirement System and the  
8 statutorily prescribed contribution rates.

9           Section 2. The Legislature finds that a proper and  
10 legitimate state purpose is served when employees and retirees  
11 of the state and its political subdivisions, and the  
12 dependents, survivors, and beneficiaries of such employees and  
13 retirees, are extended the basic protections afforded by  
14 governmental retirement systems. These persons must be  
15 provided benefits that are fair and adequate and that are  
16 managed, administered, and funded in an actuarially sound  
17 manner, as required by Section 14, Article X of the State  
18 Constitution, and part VII of chapter 112, Florida Statutes.  
19 Therefore, the Legislature determines and declares that this  
20 act fulfills an important state interest.

21           Section 3. This act shall take effect July 1, 2006.

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